

Program B: Loan Operations

Program Authorization: R.S. 36:642d(2); R.S. 36:650-615B; R.S. 17:3021 et seq; R.S. 56:797; P.L. 100-50; Acts 476 of 1997 Regular Session

Program Description

The mission of the Loan Operations Program is to administer and operate the federal and state educational loan programs for the benefit of all program participants.

The goals of the Loan Operations Program is to effectively and efficiently administer federal and state loan programs in compliance with statutory authority and regulation.

The Loan Operations Program includes the following activities:

1. Loan Administration - Processes new loans and services existing loan guarantees on behalf of the borrower and holder of the loan note.
2. Preclaims Section - Assists lenders, servicers, and delinquent borrowers in avoiding defaults on delinquent loans.
3. Claims Section - Processes claims against the loan guarantee filed by holders of the note and ensures that all claims scheduled for payment meet program requirements.
4. Collections Section - Maintains inventory control and collection activities to maximize recovery of defaulted loans and to ensure compliance with program regulations.

The Loan Operations Program administers federal and state student loan programs and performs the functions of loan origination and servicing, default prevention, default claim payment, and default recoveries.

RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 2001-2002	ACT 13 2002-2003	EXISTING 2002-2003	CONTINUATION 2003-2004	RECOMMENDED 2003-2004	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$12,263	\$12,162	\$12,162	\$17,255	\$12,162	\$0
STATE GENERAL FUND BY:						
Interagency Transfers	0	0	0	0	0	0
Fees & Self-gen. Revenues	0	14,414	14,414	14,414	14,414	0
Statutory Dedications	3,879	2,350,000	2,350,000	2,350,000	2,250,000	(100,000)
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	16,522,637	30,692,279	30,692,279	31,133,942	31,105,912	413,633
TOTAL MEANS OF FINANCING	\$16,538,779	\$33,068,855	\$33,068,855	\$33,515,611	\$33,382,488	\$313,633
EXPENDITURES & REQUEST:						
Salaries	\$1,949,603	\$2,018,248	\$2,018,248	\$2,027,944	\$1,959,184	(\$59,064)
Other Compensation	37,479	62,551	62,551	62,551	62,551	0
Related Benefits	403,678	396,854	396,854	481,006	411,101	14,247
Total Operating Expenses	661,421	615,804	615,804	631,138	721,823	106,019
Professional Services	3,025	180,000	180,000	184,482	180,000	0
Total Other Charges	13,462,689	29,670,398	29,670,398	30,125,843	30,045,182	374,784
Total Acq. & Major Repairs	20,884	125,000	125,000	2,647	2,647	(122,353)
TOTAL EXPENDITURES AND REQUEST	\$16,538,779	\$33,068,855	\$33,068,855	\$33,515,611	\$33,382,488	\$313,633
AUTHORIZED FULL-TIME						
EQUIVALENTS: Classified	72	68	68	68	68	0
Unclassified	0	0	0	0	0	0
TOTAL	72	68	68	68	68	0

SOURCE OF FUNDING

This program is funded with the General Fund, Fees and Self-generated Revenues, Statutory Dedications, and Federal Funds. The Fees and Self-generated Revenue is derived from fees paid for participating school appealing their federal cohort default rate. The Statutory Dedications are from the Louisiana Employment Opportunity Loan Fund (created in La. R.S. 17:3046.4 from loan recovery proceeds) and the Louisiana Opportunity Loan Fund (created in La. R.S. 17:3045.2 from the loan proceeds). (Per R.S. 39:36B.(8), see table below for a listing of expenditures out of each Statutory Dedicated fund.) The Federal Funds are from the Federal Family Education Loan (FFEL) Program's various administrative cost allowances and reimbursement of defaulted student loan claim payments made to participating lenders.

	ACTUAL	ACT 13	EXISTING	CONTINUATION	RECOMMENDED	RECOMMENDED
	2001-2002	2002-2003	2002-2003	2003-2004	2003-2004	OVER/(UNDER)
						EXISTING
Louisiana Employment Opportunity Loan Fund	\$3,879	\$100,000	\$100,000	\$100,000	\$0	(\$100,000)
Louisiana Opportunity Loan Fund	\$0	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$0

MAJOR FINANCIAL CHANGES

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$12,162	\$33,068,855	68	ACT 13 FISCAL YEAR 2002-2003
\$12,162	\$33,068,855	68	EXISTING OPERATING BUDGET - December 2, 2002
\$0	\$33,438	0	Annualization of FY 2002-2003 Classified State Employees Merit Increase
\$0	\$2,647	0	Acquisitions & Major Repairs
\$0	(\$125,000)	0	Non-Recurring Acquisitions & Major Repairs
\$0	(\$65,392)	0	Salary Base Adjustment
\$0	(\$40,627)	0	Attrition Adjustment
\$0	\$27,764	0	Group Insurance Adjustment
\$0	\$474,784	0	Other Adjustments - Federal Family Education Loan Program (FFELP)
\$0	(\$100,000)	0	Other Adjustments - Elimination of the Louisiana Employment Opportunity Loan Fund
\$0	\$106,019	0	Other Adjustments - Restore Federal Funds for Loan Operations
\$12,162	\$33,382,488	68	TOTAL RECOMMENDED
\$0	\$0	0	LESS GOVERNOR'S SUPPLEMENTARY RECOMMENDATIONS
\$12,162	\$33,382,488	68	BASE EXECUTIVE BUDGET FISCAL YEAR 2003-2004
			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE:
\$0	\$0	0	None
\$0	\$0	0	TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE
\$12,162	\$33,382,488	68	GRAND TOTAL RECOMMENDED

PROFESSIONAL SERVICES

\$180,000 Administrative Hearings for Administrative Wage Garnishment (AWG)

\$180,000 TOTAL PROFESSIONAL SERVICES

OTHER CHARGES

\$4,115,950	Student Loan Default Payments (net)
\$500,000	IRS Offset Refunds
\$18,817,278	Refund of Reinsurance
\$1,245,242	Collection Fees
\$650,000	Louisiana Employment Opportunity Program Defaults
\$62,236	Louisiana Opportunity Loan Program
\$2,250,000	START Tuition Assistance Grants (TAGS)
\$2,044,617	Computer Support

\$29,685,323 SUB-TOTAL OTHER CHARGES

Interagency Transfers:

\$12,263	Legislative Auditor
\$128,457	Building Rent
\$188,874	Office of Telecommunications Management - Telecommunication charges
\$11,096	Office of Risk Management
\$12,034	State Treasury
\$7,135	Civil Service

\$359,859 SUB-TOTAL INTERAGENCY TRANSFERS

\$30,045,182 TOTAL OTHER CHARGES

ACQUISITIONS AND MAJOR REPAIRS

\$963 Fireproof file cabinet

\$1,684 Microfilm carousel

\$2,647 TOTAL ACQUISITIONS AND MAJOR REPAIRS